



Tamara GRIGSBY

Wisconsin State Representative
18th Assembly District

Testimony Before the Senate Committee on Ethics Reform and Government Operations April 29, 2009 Senate Bill 81

I want to thank Chairperson Risser for scheduling Senate Bill 81 for a public hearing today.

In Milwaukee, many individuals and families cannot afford to purchase a home or secure decent rental housing. In Wisconsin, a minimum wage worker can afford monthly rent of no more than \$268. Fair market rent for a two-bedroom apartment in Milwaukee is about \$605.

There is also a crucial need for special needs housing. This includes people with chronic mental illness, developmental disabilities, homeless families, and frail and elderly people. Of the total population living below the federal poverty level in the Milwaukee Metropolitan Area, 11%, or 6,752 people, were 65 or older.

As you know, Milwaukee happens to be one of the few cities in the nation that has established a Housing Trust Fund to address the critical housing needs of low-income and special needs populations. However, the need is much greater than the financial resources available to the city. Because city revenues are often limited and strained, we propose a new funding mechanism to provide revenue for our Housing Trust Fund.

This bill is enabling legislation which would give municipalities the authority to extend the life of a Tax Incremental District (TID) for one year in order to address affordable housing issues in their communities. Milwaukee currently has 20 TID's that are scheduled to close over the next 10 years which could provide a valuable source of revenue to add to the resources the City has already pledged for this purpose.

Under this bill, up to 75% of the continuing tax increments would be made available for affordable housing, and the remaining 25% will be used to improve the quality of existing housing stock in the city. This legislation would also enable a municipality to evaluate whether to extend each TID prior to closing, creating a link between successful projects and support for affordable housing. In Milwaukee, this means that \$9 million would be made available for the affordable housing trust fund over 10 years, and \$3 million would be made available to improve the city's existing housing stock.

The concept allows successful TIF projects to support needed housing initiatives. The proposal would not reduce the increments available to finance TIF project costs.

I thank the Committee for your time and consideration of this matter.

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April 15, 2009

Honorable Members

Assembly Committee on Housing

Senate Committee on Ethics Reform and Government Operations

Wisconsin State Capitol

Dear Committee Members,

First, I wish to express my appreciation to Senator Coggs and Representative Grigsby for authoring Senate Bill 81 and Assembly Bill 109. I urge your support of this legislation, which was unanimously passed by the Wisconsin State Senate in March of 2007.

This legislation would allow a city to extend the life of a tax incremental district for one year after all of the district's project costs have been paid. The tax incremental revenues from the additional year could be used to support local affordable housing initiatives and improvements to the city's housing stock. The Milwaukee Common Council has already gone on record in support of this type of state legislation.

In 2006, the Milwaukee Common Council enacted an ordinance creating the City of Milwaukee Housing Trust Fund. The purpose of the fund is to provide financial support to developers and governmental entities in the acquisition, construction, rehabilitation and modification of affordable and accessible housing for low-income households, including homeless persons and low-income renters and homeowners, and support for services that assist low-income households in obtaining and maintaining affordable housing.

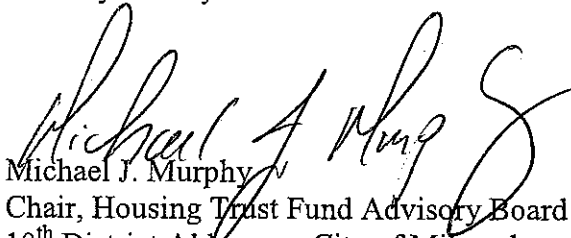
Since its creation, the Housing Trust Fund has been funded by \$2.5 million in City General Obligation borrowing authority (2007) and \$800,000 in City tax levy funding (2008 and 2009 Budgets). However, the legislation establishing the Housing Trust Fund identified "post-closure tax incremental district revenues" as one of the potential funding sources to supplement these amounts. Passage of Assembly Bill 109 and Senate Bill 81 would enable Milwaukee and other municipalities to use this funding source for affordable housing initiatives.

To date, the City's Housing Trust Fund Advisory Board, which I chair, has recommended -- and the Common Council approved -- the awarding of \$2.3 million in Trust Fund dollars to 14 housing projects that will develop 277 units of affordable housing, including housing for the homeless as well as low-income rental and owner-occupied housing. This investment by the City leveraged nearly \$44 million from other funding sources.

Demonstrating the critical need for these units, the recent round of funding approved in February actually received 26 funding request totaling nearly \$4.9 million by the deadline. Had we been able to fund them all, it would have leveraged approximately \$86.8 million.

Clearly, the demand for affordable housing assistance far exceeds the supply of funds. The Housing Trust Fund Advisory Board found all of these projects to be worthwhile, but limited funding meant that the Trust Fund could only support 9 projects at this time. If the tax incremental district revenues proposed in this legislation could be used to fund affordable housing initiatives – as envisioned by Senator Coggs and Representative Grigsby and their cosponsors – Milwaukee and other communities could better meet their affordable housing needs.

Thank you for your consideration of this matter.



Michael J. Murphy
Chair, Housing Trust Fund Advisory Board
10th District Alderman, City of Milwaukee